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<p>Tiivistelmä-Referat-Abstract</p> <p>In this study, the main focus is on the question whether the possible role of central banks as lender of last resort affect banks' risk-taking incentives in a manner that makes banks more susceptible to moral hazard. The work consists of four interrelated chapters. In chapter 2, the origins and historical evolution of the lender of last resort are discussed. Chapter 3 provides an overview of the theoretical literature concerning the reasons why there is a need for a lender of last resort in the first place. In chapter 4, it is examined on a general level whether there is a connection between moral hazard and financial safety nets, including the lender of last resort. In chapter 5, a specific model is developed in order to analyze the particular question of whether lender of last resort policies cause moral ha-zard.</p> <p>It is argued in chapter 5 that in circumstances where the opacity of banks prevents the depositors from providing market discipline, banks' ex ante risk-taking incentives may indeed be influenced through lender of last resort policies. Furthermore, lender of last resort facilities can be used to a certain extent as a complement to other regulatory policies in the provision of proper incentives to banks. Specifically, if banks' eligibility for support from the lender of last resort can be made condi-tional on their initial risk choice, this facility may be used as an effective complement to minimum capital requirements.</p>			
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